

Chapter 19

Waiting to Exhale: Marketing of E-Cigarettes

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ABSTRACT

Tobacco companies have long been on the defensive, but a new product, digital vapor cigarettes, offers what seems to be a social compromise: smoke-free smoking or “vaping.” This chapter explains and examines how this controversial product, new to the U.S. and European markets as of 2007, has affected the retail tobacco industry, both reinvigorating its sales and reviving some of its best integrative marketing strategies. The only adversaries strong enough to hinder its success are laws and regulatory action.

INTRODUCTION

Globally, a paradox exists for international tobacco marketers. On one hand, the United Nations (UN) has stepped up to include non-smoking programs, as part of its international development agenda in preparation for the next Conference (post-2015) (ASH, 2013). Tobacco control has also been the topic of several non-communicable diseases (NCD) roundtable discussions. On the other hand, tobacco, which is a cash crop, is part of the ongoing push for a greater green economy (United Nations, 2011).

Certainly, tobacco products, while more socially accepted in some countries than in others,

are a worldwide health issue. Smoking obviously cuts life expectancy, adds to healthcare costs, adds to life insurance premiums, affects worker productivity, affects male fertility, and jeopardizes normal fetal development. According to the Centers for Disease Control and Prevention (CDC):

- More deaths are caused each year by tobacco use than by all deaths from human immunodeficiency virus (HIV), illegal drug use, alcohol use, motor vehicle injuries, suicides and murders combined.
- Smoking causes an estimated 90% of all lung cancer deaths in men and 80% of all lung cancer deaths in women.

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- An estimated 90% of all deaths from chronic obstructive lung disease are caused by smoking.
- Those who smoke are:
 - 2 to 4 times more likely to suffer coronary heart disease;
 - 2 to 4 times more likely to suffer stroke;
 - 12 to 23 times more likely to develop lung cancer;
 - 12 to 13 times more likely to die from lung diseases.
- Smoking has also been linked to the following:
 - Acute myeloid leukemia;
 - Bladder cancer;
 - Cancer of the cervix;
 - Cancer of the esophagus;
 - Kidney cancer;
 - Cancer of the larynx;
 - Lung cancer;
 - Cancer of the oral cavity (mouth);
 - Pancreatic cancer;
 - Cancer of the pharynx (throat);
 - Stomach cancer (Centers for Disease Control and Prevention, 2012).

E-cigarettes may offer the tobacco companies a way of radically redefining their product, not only via technology that makes second-hand smoke a thing of the past, but also by a brand strategy the recasts tobacco as both appealing and, relatively speaking, socially responsible and even healthful. Given these aims and the millions spent in advertising, it is no surprise that while smoking overall in the United States continues to trend downward, use of e-cigarettes among adults and youth has increased from its initial introduction, in fact doubling between 2011 and 2012 among youth (Committee on Energy & Commerce, 2013; CDC, 2013a; USDHHS, 2013; Volkman, 2012) (see Figure 1).

Numbers in Europe and other countries tell much the same story. In France, for example, surveys suggest that smoking is, overall, in decline: 55 billion cigarettes were smoked in 2009, down from 97 billion cigarettes in 1991 (Lichfield, 2010). In South Africa, smoking declined some 40% between 1995 and 2008 (WHO, 2011, p. 17).

E-cigarettes, however, are on the rise globally and in virtually every demographic category. According to the CDC, US\$20.8 million was spent on e-cigarette advertising (CDC, 2013b); furthermore, the CDC reports 1.78 million adolescents are e-cigarette users. Globally, e-cigarette manufacturing has grown nearly exponentially in the last five years. Sales figures for the United States for 2013, topped US\$507.7 million, a 134% increase over 2012 figures and more than 200% over the 2011 sales figure of US\$216.5 million (Liebeck, 2014). Projections for 2014 all indicate another triple-digit gain. Liebeck's (2014) report, derived from the Nielsen Co. market research data, indicates that the unit volume per store is targeted to increase by 130%. The key players in the tobacco industry include Phillip Morris, R. J. Reynolds Tobacco Company, Lorillard, and British American Tobacco (Etter, 2012; Gray, 2013b; Rollans, 2013).

While it is possible that e-cigarettes will prove to be a passing fad and that the numbers will eventually level off as the product matures, a number of factors suggest this will not occur:

- Realtors are increasing shelf space for the product;
- The product is highly addictive;
- There is no (American) regulation over this tobacco product (European legislation is nascent);
- The product has been marketed as both healthy and cool.

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